



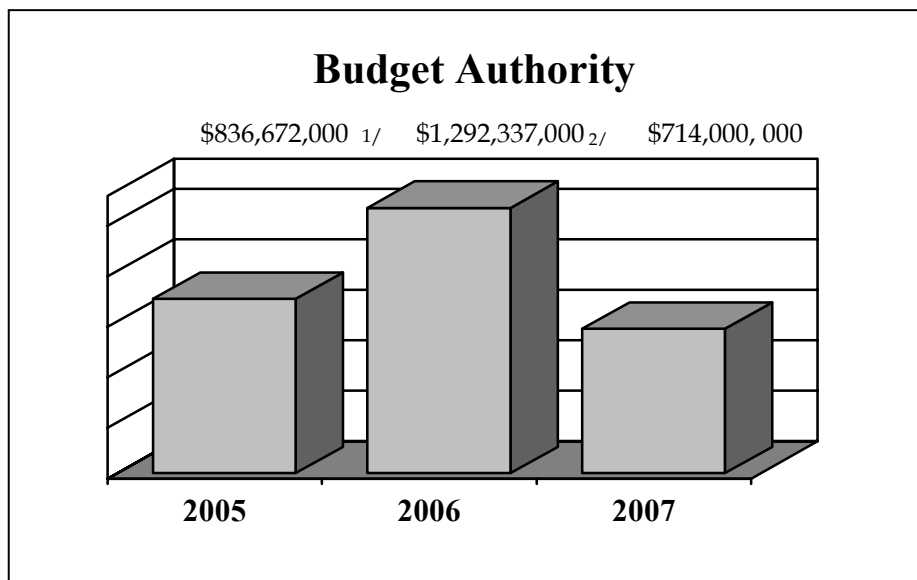
Construction Programs

Summary

New budget authority of \$399,000,000 is requested for the 2007 Construction, Major Projects appropriation; \$198,000,000 for Construction, Minor Projects appropriation; \$85,000,000 for the Grants for the Construction of State Extended Care Facilities; and \$32,000,000 for Grants for the Construction of State Veterans Cemeteries.

The Department of Veterans Affairs construction program is funded by two appropriations: Construction, Major Projects; and Construction, Minor Projects. Two grant programs also provide funds for construction and/or renovation: Grants for the Construction of State Extended Care Facilities and Grants for the Construction of State Veterans Cemeteries.

The bar chart below and tables on the next page reflect appropriations for all Construction Programs.



^{1/} 2005 includes \$16.5 million in funding for Public Law 108-324, Emergency Hurricane Supplemental

^{2/} FY 2006 includes \$369.3 million in additional funding for Public Law 109-148 Emergency Hurricane Supplemental

Budget Authority (dollars in thousands)				
	2005 Actual	2006 Estimate	2007 Estimate	Increase (+) Decrease (-)
Veterans Health Administration	\$582,900	\$694,800	\$457,350	(\$237,450)
Hurricane Supplemental (P.L. 108-324)	\$35,643	\$0	\$0	\$0
Hurricane Supplemental Transfer To Medical Facilities (P.L. 108-324)	(\$19,800)	\$0	\$0	\$0
Hurricane Supplemental (P.L. 109-148)	\$0	\$367,500	\$0	(\$367,500)
Subtotal (VHA)	\$598,743	\$1,062,300	\$457,350	(\$604,950)
National Cemeteries	\$81,000	\$87,881	\$78,400	(\$9,481)
Hurricane Supplemental (P.L. 108-324 & 109-148)	\$700	\$1,800	\$0	(\$1,800)
Subtotal (NCA)	\$81,700	\$89,681	\$78,400	(\$11,281)
Veterans Benefits	\$19,434	\$17,047	\$14,000	(\$3,047)
General Administration (Staff Offices)	\$6,245	\$6,309	\$47,250	\$40,941
Grants for State Extended Care Facilities	\$105,163	\$85,000	\$85,000	\$0
Grants for State Veterans Cemeteries	\$32,000	\$32,000	32,000	\$0
Rescissions	(\$6,613)	\$0	\$0	\$0
Total, Construction Budget Authority	\$836,672	\$1,292,337	\$714,000	(\$578,337)

Obligations and Budget Authority (dollars in thousands)				
	2005 Actual	2006 Estimate	2007 Estimate	Increase(+) Decrease(-)
Budget authority	\$836,672	\$1,292,337	\$714,000	(\$578,337)
Offsetting collection, non-federal sources	\$1,115	\$500	\$0	(\$500)
Reimbursement for Lakeside	\$26,368	\$21,978	\$0	(\$21,978)
Total Obligational Authority	\$864,155	\$1,314,815	\$714,000	(\$600,815)
Unobligated balance:				
Start of year	1,077,613	1,061,347	1,603,877	542,530
End of year	-1,061,347	-1,603,877	-1,335,377	268,500
Total obligations	\$880,421	\$772,285	\$982,500	210,215

Average Employment				
Purchase and hire (construction fund)	56	56	56	0

Construction, Major Projects

Program Description

The Construction, Major Projects appropriation provides for constructing, altering, extending, and improving any VA facility, including planning, architectural and engineering services, Capital Asset Realignment for Enhanced Services (CARES) activities, assessments, and site acquisition, where the estimated cost of a project is over \$7,000,000, or where funds for a project were made available in a previous appropriation under this heading.

New budget authority of \$399,000,000 is requested for the 2007 Construction, Major, appropriation. The major construction request is for three medical facility projects in Denver, CO; Milwaukee, WI; St. Louis, MO; and Columbia, MO; and two seismic projects in Long Beach, CA and American Lake, WA. Funds are also requested for gravesites expansions and cemetery improvements at Dallas-Fort Worth, TX; Gerald B. H. Solomon Saratoga, NY; and Great Lakes, MI and a new OI&T facility at Martinsburg, WV. The construction request also funds master planning and initial design for six new cemeteries announced by the President in 2003 (*one each in Alabama, Pennsylvania, California, South Carolina, and two in Florida*). Additionally funds are provided to remove hazardous waste and asbestos from Department-owned buildings, improve facility security, reimburse Treasury's judgment fund, and to support other construction related activities.

VA has undergone a profound transformation in the delivery of health care over the last decade. VA has moved from a hospital driven health care system to an integrated delivery system that emphasizes a full continuum of care. New technology and treatment modalities have changed how and where care is provided, with a significant shift from inpatient to outpatient services. Veterans Health Administration's (VHA) infrastructure was designed and built decades ago, under a different concept of health care delivery (i.e., hospital-centered inpatient care and long admissions for diagnosis and treatment). As a result, VHA's capital assets often do not align with current health care needs for optimal efficiency and access.

CARES is a comprehensive, system-wide approach to, and ongoing process for, identifying the demand for the VA care and projecting into the future the appropriate function, size and location for VA facilities. CARES planning is not simply a onetime evaluation of VA's capital infrastructure and the ideal placement of VA facilities, but was undertaken to provide a set of tools and the process to allow VA to continually plan for future resources needed to provide quality health care to veterans.

The pilot study for CARES was completed in 2001 for Network 12 (Chicago area, Wisconsin, and the Upper Peninsula of Michigan). CARES Phase 2 extended the CARES Program to all remaining networks within VHA. The CARES process is the

most comprehensive assessment of VA capital infrastructure and the demands for VA health care ever achieved. After development of sophisticated actuarial models to forecast demand for veterans' health care, calculation of the current supply and identification of current and future gaps in infrastructure capacity were made. Each VISN developed local plans to meet those anticipated future gaps in care. The Network CARES Market Plans served as the basis for the Draft National CARES Plan. In August 2003, the Draft National CARES Plan was submitted to the CARES Commission, an independent body established to review the plan, gather public and stakeholder concerns, and provide recommendations to the Secretary. The Secretary received the recommendations of the independent CARES Commission in February 2004. In May 2004, the Secretary announced his decision on CARES. The Secretary laid out in his May 2004 CARES Decision, together with the February 2004 CARES Commission Report, a blueprint for VA's future to effectively guide the Department forward. The merger of CARES into VHA's planning process is a key component of the CARES process and began with the FY 2005 Strategic Plan submissions.

The Secretary's CARES Decision also calls for additional studies to refine the analyses developed in the CARES planning and decision-making process for specific VA facilities. A contractor was selected in January 2005 to assist VA with the CARES Business Plan Studies. The contractor will provide a business plan with options at each site that describe the location of services, capital infrastructure required, and reuse potential. Local Advisory Panels (LAP) under the Federal Advisory Committees Act (FACA) have been appointed by VA at each study site and the Contractor is required to provide support to the LAP and solicit stakeholder input. At each study site, the LAP will solicit input from the stakeholders through public meetings, solicitation of stakeholder comments through web sites, correspondence and contractor interviews. The recommended option will address the optimal approach to provide current and projected veterans with equal to or better health care than is currently provided in terms of access, quality, and cost effectiveness, while maximizing any potential reuse of all or portions of the current real property inventory. The first stage of the study will be completed in early 2006 at which time the initial array of options under consideration will be narrowed by the Secretary to three to six options per site. The contractor will develop an in depth analyses of these remaining options during Stage 2 of the study. The current study information is available on the internet www.va.gov/CARES. It is anticipated that the Stage 2 studies will be completed by June 2006.

The goal of CARES is to enhance outpatient and inpatient care, as well as special programs such as spinal cord injury, blind rehabilitation, seriously mentally ill and long-term care through the appropriate sizing, upgrading and location of VA facilities. Once CARES is completed, VA will have a national plan for directing resources where they are most needed preserving VA's missions and special services, while continuing to provide high quality care to veterans. The initiatives and plans

identified will be validated and reassessed continually to ensure they reflect current VA policies and priorities and the most current enrollment and demand forecasts.

To support the CARES initiative, the medical care construction request includes \$457 million for VA's nationwide infrastructure initiative (*CARES*) to ensure that VA can put facilities and services where veterans live. This amount and the additional \$293 million enacted in the recent Hurricane Katrina emergency funding package to fund a CARES project brings the total CARES funding between 2004 and 2007 to almost \$3 billion.

Congress approved the FY 2006 emergency supplemental appropriations (P.L. 109-148) to address damages caused by the hurricanes in the Gulf of Mexico. This emergency supplemental provides \$367,500,000 for major construction projects and \$1,800,000 for minor construction to repair damaged national cemeteries. Of the amount provided for major construction, \$292,500,000 has been earmarked for a CARES project, the restoration and consolidation of the hospital in Biloxi, MS; and \$75,000,000 for the advanced planning and design of a hospital in New Orleans, LA.

A summary of the program funding level by activity follows:

Location	Description	Total Estimated Cost	Funding Through 2006	2007 Request
Veterans Health Administration (VHA):				
American Lake, WA	Seismic Correction, NHCU & Dietetics	\$38,220	\$0	\$38,220
Columbia, MO	Operating Suite Replacement	25,830	0	25,830
Denver, CO	Replacement Medical Center Facility	621,000	30,000	52,000
Long Beach, CA	Seismic Correction, Bldg. 7 & 126	107,845	10,300	97,545
Milwaukee, WI	Spinal Cord Injury (SCI) Center	32,500	0	32,500
St. Louis(JB), MO	Medical Facility Improv. & Cemetery Improvements	69,053	0	7,000
	Subtotal	\$894,448	\$40,300	\$253,095
Advance Planning Fund	Various Locations	\$39,255	\$0	\$39,255
Asbestos Abatement	Various Locations	5,000	0	5,000
Claims Analysis	Various Locations	2,000	0	2,000
Facility Security General	Various Locations	3,000	0	1,000
Facility Security Projects	Various Locations	1,000	0	3,000
Hazardous Waste Abatement	Various Locations	2,000	0	2,000
Judgment Fund	Various Locations	2,000	0	2,000
	Subtotal	\$54,255	\$0	\$54,255
Total, Major VHA		\$948,703	\$40,300	\$307,350
National Cemetery Administration (NCA)				
Dallas/Fort Worth, TX	Phase 2 Gravesite Expansion	\$13,000	\$0	\$13,000
Gerald B. H. Solomon- Saratoga, NY	Phase 2 Gravesite Expansion	7,600	0	7,600
Great Lakes, MI	Phase 1B Development	16,900	0	16,900
	Subtotal	\$37,500	\$0	\$37,500
Advance Planning Fund	Various Locations	\$13,600	0	\$13,600
Design Fund	Various Locations	2,300	0	2,300
	Subtotal	\$15,900	\$0	\$15,900
Total, Major NCA		\$53,400	\$0	\$53,400
General Administration (Staff Offices)				
Martinsburg, WV	Capital Region Data Center	\$35,000	\$0	\$35,000
Asset Management (APF)	Various Locations	3,250	0	3,250
Total , Major General Administration		\$38,250	\$0	\$38,250
Biloxi, MS	Restoration of Hospital/Consol of Gulfport	\$310,000	\$310,000	\$0
Total, Construction, Major Program		\$1,350,353	\$350,300	\$399,000

Construction, Minor Projects

Program Description

The Construction, Minor Projects appropriation provides for constructing, altering, extending, and improving any VA facility, including planning, CARES activities, assessments of needs, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than \$7,000,000. Public Law 106-117, Veterans Millennium Health Care and Benefits Act of 1999, gave VA the authority to make capital contributions from minor construction in enhanced-use leases.

New budget authority of \$198,000,000 is requested for the 2007 Construction, Minor Projects appropriation to provide funding for selected minor construction projects.

<i>Construction Projects by Category (dollars in thousands)</i>	
	2007 Estimate
Veterans Health Administration	\$150,000
National Cemetery Administration	\$25,000
Veterans Benefits Administration	\$14,000
General Administration (Staff Offices)	\$9,000
Total, Construction Minor Program	\$198,000

Grants for Construction of State Extended Care Facilities

Program Description

VA is requesting \$85 million in 2007 funding which is the same level of resources as enacted in fiscal year 2006. Resources for grants for construction of State extended care facilities provides for funding to assist States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify, or alter existing hospital, nursing home and domiciliary facilities in State homes, for furnishing care to veterans. The 2007 budget funds construction of new State extended care facilities and intends that future construction will align with long term care policy. The budget includes a long term care policy that will provide the full spectrum of long-term care service to service-connected and catastrophically disabled veterans with special needs, while continuing to provide post-hospitalization care, hospice care, respite care and non-institutional care to all enrolled veterans. To ensure consistency, these policies will be adopted throughout VA, community and State homes.

Grants for Construction of State Veterans Cemeteries

Program Description

Grants are provided to states for the establishment, expansion, or improvement of state veteran cemeteries. The state veterans cemeteries complement the national cemeteries and are a critical part of National Cemetery Administration (NCA) strategy for meeting Objective 3.4 of VA's strategic plan of ensuring that the burial needs of veterans and eligible family members are met. In 2005, 20,882 veterans and eligible family members were buried in state veterans cemeteries that have been assisted by the program.

NCA data show that about 80 percent of persons interred in national cemeteries resided within 75 miles of the cemetery at time of death. Based upon this experience, NCA has determined that reasonable access to a burial option means that a first interment option (whether for casketed remains or cremated remains, either in-ground or in columbaria) in a national or state veterans cemetery is available within 75 miles of the veteran's place of residence.

It is not feasible, however, for VA to build and operate national cemeteries in enough locations to provide every eligible veteran with a burial option in a national cemetery within 75 miles of their residence. Increasing the availability of state veterans' cemeteries is a means to provide a burial option to those veterans who may not have reasonable access to a national cemetery. States may locate these cemeteries in areas where there are no plans for NCA to operate and maintain a national cemetery.

<i>Appropriation Highlights</i> (dollars in thousands)					
	2006			2007	Increase(+) / Decrease(-)
	2005 Actual	Budget Estimate	Current Estimate	Estimate	
Obligations	\$36,107	\$32,000	\$32,002	\$32,000	-\$2
Unobligated balances:					
Start of year (-)	-4,365	0	2	0	2
End of year	2	0	0	0	0
Budget authority	\$31,744	\$32,000	\$32,000	\$32,000	\$0
Rescission	256	0	0	0	0
Appropriation	\$32,000	\$32,000	\$32,000	\$32,000	\$0
Outlays	\$21,235	\$22,640	\$22,640	\$22,686	\$46

